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Exhibit R-2, RDT&E Budget Item Justification								DATE: February 2002		
APPROPRIATION/BUDGET ACTIVITY RDT&E, Defense-Wide/05					R-1 ITEM NOMENCLATURE Defense Message System (DMS)/P.E. 0303129K					
COST (in millions)		FY01	FY02	FY03	FY04	FY05	FY06	FY07	Cost to Complete	Total Cost
Defense Message System/DM01		10.748	11.297	11.803	14.199	14.584	14.706	15.006	Contg	Contg
<p>A. Mission Description &amp; Budget Item Justification:</p> <p>The Defense Message System (DMS) is the Warfighter's Message System. The DMS was established in response to Joint Staff validated messaging requirements which establish the need for writer-to-reader messaging service that is accessible from world-wide Department of Defense (DOD) locations, by tactically deployed users, and other designated Federal Government users, with interfaces to Allied users and Defense contractors. As a value-added service of the Global Information Grid (GIG), the DMS incorporates state-of-the-art messaging, directory, security, and management technologies to provide those capabilities needed to support the GIG objective goals. In FY02, DMS will field Release 3.0 which will focus on essential Intelligence Community requirements and provide automated access controls for compartments, code words and caveats using ACP 120 implementation of the Common Security Protocol (CSP). DMS will also start Release 3.1 in FY03. In FY03, DMS will deliver Release 3.1 which will provide enhancements and robustness to the organizational messaging capabilities provided in Release 3.0. DMS will support closure of the DMS Transition Hubs (DTHs) in FY03. FY2002-07 Defense Planning Guidance directs the Services, in coordination with DISA, to plan for a full and seamless tactical and strategic DMS implementation, to include the intelligence community, the nuclear C3 community, and allied communities. The first operational units of tactical/deployable DMS should be fielded before the end of FY 2001, with implementation sufficient to ensure closure of all DTHs by the end of FY 2003. Reliance on DTHs should be minimized, with a goal of shifting all traffic using the hubs to DMS or other alternatives by the end of FY 2003. The security portion of the DMS RDT&amp;E budget is within PE 0303140K and is explained in a separate budget exhibit that follows. This is not duplication of effort. This program element is under Budget Activity 5 because it involves the development of major upgrades that increase the performance of existing systems.</p>										
Page 1 of 9										

UNCLASSIFIED

UNCLASSIFIED

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FY2001 Accomplishments

- o Field and Enhance Release 2.2. The DMS program tested and fielded enhancements (maintenance releases) to Release 2.2. DMS implements and fields system capabilities through a series of coordinated product releases. (1<sup>st</sup> - 4<sup>th</sup> Qtr, \$2.000M)
- o Deliver Release 3.0. Release 3.0 provides classified organizational messaging through Top Secret/Special Compartmented Information (SCI). (1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$5.308M)
- o Test and Enhance Release 3.0. The DMS program performed developmental testing and implemented enhancements to Release 3.0. (2<sup>nd</sup> - 4<sup>th</sup> Qtr, \$1.590M)
- o Expand Medium Grade Service (MGS). DMS expanded the MGS operational base. MGS is a managed set of Commercial Off-The-Shelf (COTS) e-mail products, that utilize the DOD Medium Assurance Public Key Infrastructure (PKI). As a subset of DMS, MGS represents a set of Internet standards agreed to by government and industry. (2<sup>nd</sup> Qtr, \$1.200M)
- o Implement Automated Message Handling System (AMHS). The DMS AMHS was implemented and sustained at CINC sites. (1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$0.650M)
- o Total \$10.748M

Page 2 of 9

UNCLASSIFIED

UNCLASSIFIED

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<p><u>FY2002 Plan</u></p> <ul style="list-style-type: none"><li>o Field Release 3.0. DMS implements and fields system capabilities through a series of coordinated product releases. Release 3.0 provides classified organizational messaging through Top Secret/Special Compartmented Information (SCI). (1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$1.557M)</li><li>o Deliver Release 3.0/Maintenance Release 1 (MR1) (previously referred to as Release 3.1). Release 3.0/MR1 will provide additional enhancements and robustness to organizational messaging.(1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$5.207M)</li><li>o Release 3.0 Operational Assessment/Test. DMS Release 3.0 will undergo either an Operational Assessment or an Operational Test, in accordance with the approved DMS Revised Capstone Test and Master Plan (TEMP), dtd July 1999. (2<sup>nd</sup> - 3<sup>rd</sup> Qtr, \$2.930M)</li><li>o Expand Medium Grade Service (MGS)/Message Service Convergence. DMS will continue to expand the MGS operational base. The convergence of the current DMS High Grade integration of both Commercial and Government supplied hardware and software products and the Medium Grade implementation of Commercial-off-the-Shelf (COTS) will begin. Studies have concluded that this convergence can be accelerated due to the significant technological advances in commercial encryption/security and messaging service capability. (2<sup>nd</sup> Qtr, \$0.200M)</li><li>o Start next maintenance or "dot" release. Initial development of DMS Release 3.1 will begin. (3<sup>rd</sup> - 4<sup>th</sup> Qtr, \$1.403M)</li><li>o Total \$11.297M</li></ul>										

Page 3 of 9

UNCLASSIFIED

UNCLASSIFIED

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<p><u>FY2003 Plan</u></p> <ul style="list-style-type: none"><li>o Field Release 3.0/MR1 and Support Closure of the DMS Transition Hubs (DTHs). DMS Release 3.0/MR1 will provide additional enhancements to the organizational messaging capabilities provided in Release 3.0. DMS will support closure of the DTHs in FY03. (1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$2.612M)</li><li>o Deliver Release 3.1. Release 3.1 will provide additional enhancements and robustness to organizational messaging.(1<sup>st</sup> - 2<sup>nd</sup> Qtr, \$4.219M)</li><li>o Release 3.0/MR1 Operational Assessment/Test and Emergency Action Message Testing. DMS Release 3.0/MR1 will undergo either an Operational Assessment or an Operational Test, in accordance with the approved DMS Revised Capstone Test and Master Plan (TEMP). DMS will support testing of the EAM dissemination solution. (2<sup>nd</sup> - 3<sup>rd</sup> Qtr, \$3.122M)</li><li>o Expand Medium Grade Service (MGS)/Message Service Convergence. DMS will continue to expand the MGS operational base. (2<sup>nd</sup> Qtr, \$0.850M)</li><li>o Start Release 3.2 (previously referred to as Release 4.0). Initial development of DMS Release 3.2 will begin. (3<sup>rd</sup> - 4<sup>th</sup> Qtr, \$1.000M)</li><li>o Total \$11.803M</li></ul>										

Page 4 of 9

UNCLASSIFIED

## UNCLASSIFIED

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<p>B. <u>Program Change Summary:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>FY01</u></th> <th style="text-align: center;"><u>FY02</u></th> <th style="text-align: center;"><u>FY03</u></th> </tr> </thead> <tbody> <tr> <td>Previous Presidents Budget (FY 2002)</td> <td style="text-align: center;">10.778</td> <td style="text-align: center;">11.423</td> <td style="text-align: center;">11.918</td> </tr> <tr> <td>Appropriated Value</td> <td style="text-align: center;">11.340</td> <td style="text-align: center;">11.423</td> <td></td> </tr> <tr> <td>Adjustments to Appropriated Value</td> <td style="text-align: center;">-0.592</td> <td style="text-align: center;">-0.126</td> <td></td> </tr> <tr> <td>Adjustments to Budget Year Since FY 2002 President's Budget</td> <td></td> <td></td> <td style="text-align: center;">-0.115</td> </tr> <tr> <td>Current Budget Submit/President's Budget (FY 2003)</td> <td style="text-align: center;">10.748</td> <td style="text-align: center;">11.297</td> <td style="text-align: center;">11.803</td> </tr> </tbody> </table> <p>Change Summary Explanation:</p> <p style="margin-left: 40px;">FY 2001 change due to below threshold reprogramming.</p> <p style="margin-left: 40px;">FY 2002 change due to undistributed congressional adjustments to Defense-wide RDT&amp;E appropriation.</p> <p style="margin-left: 40px;">FY 2003 change due to revised fiscal guidance.</p> <p>C. <u>Other Program Funding Summary:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>FY01</u></th> <th style="text-align: center;"><u>FY02</u></th> <th style="text-align: center;"><u>FY03</u></th> <th style="text-align: center;"><u>FY04</u></th> <th style="text-align: center;"><u>FY05</u></th> <th style="text-align: center;"><u>FY06</u></th> <th style="text-align: center;"><u>FY07</u></th> <th style="text-align: center;"><u>To Complete</u></th> </tr> </thead> <tbody> <tr> <td>Operation &amp; Maintenance,DW</td> <td style="text-align: center;">10.540</td> <td style="text-align: center;">8.837</td> <td style="text-align: center;">8.782</td> <td style="text-align: center;">6.348</td> <td style="text-align: center;">6.274</td> <td style="text-align: center;">6.468</td> <td style="text-align: center;">6.696</td> <td style="text-align: center;">Contg</td> </tr> <tr> <td>Procurement,DW</td> <td style="text-align: center;">16.040</td> <td style="text-align: center;">18.929</td> <td style="text-align: center;">19.424</td> <td style="text-align: center;">19.708</td> <td style="text-align: center;">20.171</td> <td style="text-align: center;">20.352</td> <td style="text-align: center;">20.751</td> <td style="text-align: center;">Contg</td> </tr> </tbody> </table> <p>D. <u>Acquisition Strategy:</u> DMS Contract, Lockheed Martin Corporation (LMC) provides for the design, development, deployment, implementation and maintenance of DMS. Booz Allen Hamilton (BAH) provides for implementation, tactical deployment, configuration management and logistics support. PRC/SRA provide for the development and integration of Medium Grade Messaging Service (MGS). Getronics provides site implementation support and site technical assistance. Data Systems Analyst (DSA) provides system and software engineering support, to include implementation engineering, tactical integration, service management system integration support, and engineering support for the DMS Top Secret Collateral implementation.</p>												<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	Previous Presidents Budget (FY 2002)	10.778	11.423	11.918	Appropriated Value	11.340	11.423		Adjustments to Appropriated Value	-0.592	-0.126		Adjustments to Budget Year Since FY 2002 President's Budget			-0.115	Current Budget Submit/President's Budget (FY 2003)	10.748	11.297	11.803		<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>To Complete</u>	Operation & Maintenance,DW	10.540	8.837	8.782	6.348	6.274	6.468	6.696	Contg	Procurement,DW	16.040	18.929	19.424	19.708	20.171	20.352	20.751	Contg
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E. <u>Schedule Profile:</u>										
FY2001:										
1 <sup>st</sup> Qtr:										
o Fielded Release 2.2/Test Release 2.2 Organizational Messaging Enhancements										
o Delivered Release 3.0										
2 <sup>nd</sup> Qtr:										
o Completed TS/Collateral Infrastructure Implementation										
o Expanded Medium Grade Service (MGS)										
3 <sup>rd</sup> Qtr:										
o Delivered Release 3.0 Enhancements										
o Released 2.2 Complete Deployment										
4 <sup>th</sup> Qtr:										
o Continued Release 3.0 Developmental Testing										
FY2002:										
1 <sup>st</sup> Qtr:										
o Deliver Release 3.0/MR1										
2 <sup>nd</sup> Qtr:										
o Begin Development of Allied Gateway Solution										
o Continue Intel and Deployed Tactical Implementation										
3 <sup>rd</sup> Qtr:										
o Expand Medium Grade Service (MGS)										
4 <sup>th</sup> Qtr:										
o Begin development of next maintenance or "dot" release										
o Release 3.0 Organizational Messaging - Start Fielding										

Page 6 of 9

UNCLASSIFIED

UNCLASSIFIED

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<div><div>FY2003:</div><div>1<sup>st</sup> Qtr:</div><div><div>o Complete Release 3.0 Operational Test</div><div>o Deliver next maintenance or "dot" release</div><div>o Begin development of next major release</div><div>o Complete Release 3.0/MR1 Operational Assessment/Test</div></div><div>2<sup>nd</sup> Qtr:</div><div><div>o Begin fielding 3.0/MR1</div><div>o Field Allied Gateway Solution</div><div>o Continue Intel and Deployed Tactical Implementation</div></div><div>3<sup>rd</sup> Qtr:</div><div><div>o Expand Medium Grade Service (MGS)</div></div><div>4<sup>th</sup> Qtr:</div><div><div>o Continue deployment of Release 3.0/MR1</div></div></div>										
<div><div>FY2004 - FY2007</div><div>1<sup>st</sup> - 4<sup>th</sup> Qtr</div><div><div>o Complete Intel and Deployed Tactical Implementation</div><div>o Provide Allied Gateway Solution</div><div>o Continuing commercial convergence of products, including Public Key Infrastructure (PKI), Defense Information Infrastructure (DII)/Directory, Commercial Off-The-Shelf (COTS) Standards (Secure Multipurpose Internet Mail Extension (S/MIME), Medium Grade Service, Lightweight Directory Access Protocol (LDAP))</div><div>o Support Closure of the DMS Transition Hubs</div><div>o Provide new DMS Releases providing commercial enhancements</div></div></div>										

Page 7 of 9

UNCLASSIFIED

UNCLASSIFIED

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RDT&E, Defense-Wide/05		Defense Message System (DMS)/PE 0303129K				Defense Message System/DM01				
Cost Category	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 02 Cost	FY 02 Award Date	FY 03 Cost	FY 03 Award Date	Cost To Complete	Total Cost	Target Value of Contract
<u>Product Development</u>										
Systems Engineering and Integration	CPFF, FFP/ Comp	Lockheed Martin Company Manassas, VA	2.209	4.320	5/02	2.621	5/03	Contg	Contg	9.150
Systems Integration	CPFF/ Comp	SAIC, Arlington, VA	0.650	0	N/A	1.050	10/02	Contg	Contg	1.700
	CPFF/ Comp	UNISYS, Arlington, VA	0	0.200	2/02	0	N/A	0	0.200	0.200
System Engineering	CPAF/ SS	Data Systems Analysts Fairfax, VA	1.624	1.614	4/02	1.772	4/03	Contg	Contg	5.010
	FFRDC	MITRE, Arlington, VA	1.470	1.233	10/01	1.127	10/02	Contg	Contg	3.830
	CPFF/ Comp	Booz, Allen & Hamilton, McLean, VA	1.964	0.462	11/01	1.797	11/02	Contg	Contg	4.223
	CPFF/ SS	Getronics, Alexandria, VA	0.324	0	N/A	0	N/A	0	Contg	0.324
	CPFF/ Comp	SETA, McClean, VA	1.258	0	N/A	0	N/A	0	1.258	1.258
Subtotal Product Development			9.499	7.829		8.367				
Page 8 of 9										

UNCLASSIFIED



UNCLASSIFIED

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<u>Test and Evaluation</u>										
Developmental Test and Evaluation	MIPR	Joint Interoperability Test Command, Ft Huachuca, AZ	0.795	2.555	10/01	2.822	10/02	Contg	Contg	6.172
	CPAF/SS	Data Systems Analysts Fairfax, VA	0.454	0.375	4/02	0.300	4/03	Contg	Contg	1.129
Tactical Testing	MIPR/ARMY	Executive Agent Tactical Switch Systems	0	0.538	10/01	0.314	10/02	0	0.852	0.852
Subtotal Test and Evaluation			1.249	3.468		3.436				
TOTAL			10.748	11.297		11.803				

Page 9 of 9

UNCLASSIFIED